

Report title: Emergency accommodation procurement

Wards affected: City wide

Strategic Director: John Readman – Strategic Director People

Report Author: Tom Rhodes

RECOMMENDATION for the Mayor’s approval:

Bristol City Council’s Cabinet is asked to approve the procurement of a framework and subsequent award of contracts to relevant providers for the provision of emergency accommodation for homeless households.

Key background / detail:

a. To seek Cabinet approval to procure a framework contract for emergency accommodation for homeless households.

b. Key details:

1. In order to meet its duties to accommodate certain homeless households, the council spot purchases units of accommodation. The amount purchased is increasing significantly and the process by which they are purchased is not consistent with the council’s own procurement rules. So a competitive EU compliant procurement exercise is proposed that will result in a list of relevant accommodation providers from which accommodation can be purchased. This will also lead to standardised and possibly reduced unit costs.
2. The procurement will cover all services within the council that use emergency accommodation. It will also enable South Gloucestershire Council to make use of the bespoke approved list of providers once it has been established. Currently S. Gloucestershire Council use largely the same providers as Bristol. Indicative milestones for the procurement are as follows:
 - 31-08-2015** – Finalise invitation to tender (ITT) documents
 - 18-09-2015** – Advertise one stage procurement process
 - 29-10-2015** – Deadline for tenders
 - 04-01-2016** – Provisional award
 - 15-01-2016** – Final award
3. As a separate piece of work, it is imperative to improve the oversight of placements into this kind of accommodation. A separate exercise will look at the viability of creating a single route of placement, or other options to improve oversight and access to this type of emergency accommodation, whilst acknowledging the complexity of different legislation, budgets etc. This exercise in process design and organisational change ideally will be done in parallel with the procurement process, so that we maximise organisational efficiency as well as minimising provider cost.

**BRISTOL CITY COUNCIL
CABINET
6th July 2015**

REPORT TITLE: Emergency accommodation procurement

Ward(s) affected by this report: City wide

Strategic Director: John Readman – Strategic Director People

Report author: Tom Rhodes – Senior Commissioning Officer

Contact telephone no. 0117 3526752
& e-mail address: tom.rhodes@bristol.gov.uk

Purpose of the report:

To seek Cabinet approval to procure a framework contract for emergency accommodation for homeless households.

RECOMMENDATION for the Mayor's approval:

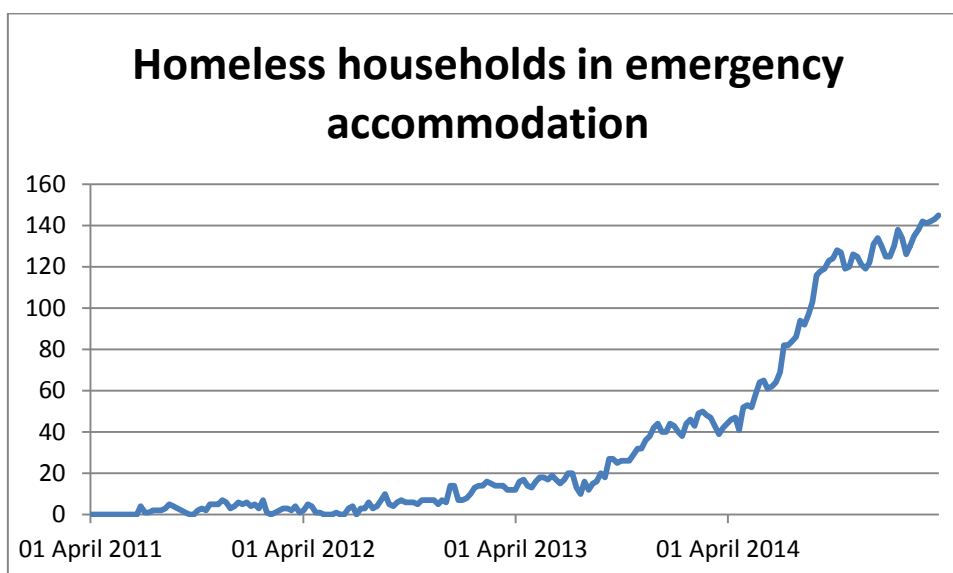
Bristol City Council's Cabinet is asked to approve the procurement of a framework and subsequent award of contracts to relevant providers for the provision of emergency accommodation for homeless households.

The proposal:

1. In order to meet its duties to accommodate certain homeless households, the council spot purchases units of accommodation. The amount purchased, and therefore the cost, is increasing significantly and the process by which they are purchased is not consistent with the council's own procurement rules or the EU procurement regulations. In order to ensure compliance (and meet other objectives) there will need to be a competitive procurement exercise that will result in a list of relevant accommodation providers from which accommodation can be purchased. This will also lead to standardised and possibly reduced unit costs.
2. Different teams within the council spot purchase accommodation so the procurement will cover all services within the council that use emergency accommodation. South Gloucestershire Council would like to make use of the procurement once it has been established to contract with providers to meet their emergency accommodation needs.
3. Bristol City Council's Cabinet is asked to approve the procurement of a framework and subsequent award of contracts to relevant providers for the provision of emergency accommodation for homeless households.

Summary/background information

4. In certain circumstances, the council has a legal duty to provide accommodation for households that become homeless. This includes where the household is considered particularly vulnerable (e.g. the household has dependent children or a member of the household has significant health problems). A legal duty to accommodate may be triggered under different statutes, primarily the Housing Act 1996, Children Act 1989, Children and Families Act 2014, the Mental Health Act 1983 and the Care Act 2014. This report has been prepared with input from each of the relevant teams within the People directorate committed to developing a single mechanism through which to purchase these placements.
5. This accommodation is currently purchased by different teams within the council. The gross total amount spent during 2014/15 was £3,233,520. Most of this spend was from Housing Solutions but there was also significant spend from Children and Family Support and Social Care Adults.
6. South Gloucestershire council's gross spend during 2014/15 was £1,050,063 with largely the same providers.
7. The council makes effective use of commissioned services (hostel type accommodation, supported housing and floating support), and emergency accommodation is only used when capacity in commissioned services is exhausted. Factors including the shortage of affordable housing in Bristol, cuts to homelessness services, rising rents in the private rental market and welfare reform have led to a significant increase in the amount of accommodation that is spot purchased to meet statutory duties. During 2013/14 the total spent was £1,542,976.71.
8. There has been a massive increase in the number of households (particularly families) placed by Housing Solutions under the homelessness legislation as the following table shows (the y axis refers to the number of households in emergency accommodation on a Sunday night each week):



9. Approximately 80% of the amount spent on private sector emergency

accommodation for homeless households can be recouped from Housing Benefit, but the spend represents a significant expenditure. Depending on the route into emergency accommodation, housing benefit is not always claimable. It is not possible, for example, for a child in local authority care to claim housing benefit.

10. There has never been a competitive process to secure the placements, and placements are largely sourced via a 'ring round' of possible providers. As a result, the procurement is not consistent with the EU procurement regulations, and this carries the risk of a challenge to the council's process.
11. A small number of private sector organisations are used to provide this kind of accommodation, most of which is good quality self-contained housing units. The single largest provider supplies around 75% of the total.

Procurement of a list of emergency accommodation

12. The EU procurement regulations require a competitive process to ensure fairness amongst interested providers and to secure the best value for money for the council. It is currently intended that this be achieved via a bespoke purchasing mechanism, where interested organisations would bid to have their accommodation approved for future purchases. This list would not be time limited and does not commit the council to purchasing accommodation, possibly allowing for a change of direction in the provision of this type of accommodation and allowing for a change in demand. The list does not have a set end date but could be ended at any time. As well as compliance with procurement regulations, this agreement would look to achieve the following:
 - a. Guarantee of quality accommodation and amenity (including inspections);
 - b. Assurance that staff who come into contact with individuals are checked via the Disclosure and Barring Service (DBS);
 - c. Providers have fit for purpose safeguarding policies and procedures;
 - d. Support referrals will be made for each relevant household if required;
 - e. A mix of furnished and unfurnished accommodation;
 - f. Better monitoring information from providers;
 - g. Standardised rental and service charges (there may be an opportunity for more competitive rates based on the amount being purchased and what is available in the market at the time);
 - h. A more diverse provider pool.
13. The procurement would produce a list from which emergency accommodation placements could be purchased, providing real time availability and prices. This would be available to Bristol City Council and also to South Gloucestershire Council (South Glos will contribute towards the procurement with the details to be agreed). A joint approach would bring benefits to both authorities, including increased purchasing power and a stronger market position with providers.

Work necessary to reduce use of, and cost of emergency accommodation

14. This procurement is expected to reduce the gross unit cost of emergency accommodation, though it is impossible to forecast by how much. By collecting service charges from households in emergency accommodation, the net council spending on emergency accommodation per unit could also reduce. It may also be

possible to reduce the unit cost by block booking a definite number, or because more providers are attracted into the market based on more certainty on volumes required.

15. There are two key ways to reduce the use of emergency accommodation. Firstly by reducing demand by diverting households before they hit an emergency, thereby reducing the numbers of households accessing in the first place; and secondly by reducing the length of time a household spends in emergency accommodation. Operational teams will continue to focus on ensuring that no placements are made for households where there is an alternative or where there is no legal duty to provide accommodation.
16. One way to achieve increased oversight of access to, and timely departure from, emergency accommodation may be to have a single route into emergency accommodation for any relevant household. This would standardise access, simplify brokerage/placement, assist comprehensive record keeping and help with oversight and reducing the numbers accessing emergency accommodation/minimising length of stay. However, this is not possible within current staff teams and is not within the scope of the procurement. It is proposed that work to achieve better oversight should be carried out in parallel with the procurement (see paragraph 19). There is some evidence that poor oversight and reviewing of placements is currently lengthening stays in emergency accommodation.
17. Adequate longer term accommodation options are essential to reduce the time households are spending in emergency accommodation, including making the best use of other commissioned services.

Next steps:

18. A needs analysis and demand forecasting exercise will be undertaken across the directorate and this will be followed by an EU compliant procurement exercise. There will need to be commitment and project team input from each of the teams that currently place people into emergency accommodation. Sufficient staff time and resources will need to be dedicated to the project.
19. As a parallel piece of work, it is imperative to improve the oversight of placements into this kind of accommodation across the directorate. This could be achieved with improvements taking place within separate teams (but with shared processes) or by the creation of a single route/team for access - assessment of a household's circumstances and of any legal duty owed would remain with separate teams. A separate exercise will look at the viability of creating a single route of placement, or other options to improve oversight and access to this type of emergency accommodation, whilst acknowledging the complexity of different legislation, budgets etc. This exercise in process design and organisational change ideally will be done in parallel with the procurement process, so that we maximise organisational efficiency as well as minimising provider cost.

Timescale / deadline:

20. New EU procurement regulations came into force on 26th February, but indicative milestones for the procurement are as follows (including the approval process):

31-08-2015 – Finalise invitation to tender (ITT) documents

18-09-2015 – Advertise one stage procurement process
29-10-2015 – Deadline for tenders
04-01-2016 – Provisional award
15-01-2016 – Final award

Consultation and scrutiny input:

a. Internal consultation:

Adult and children's services. Scrutiny input not required as this puts into place a contract for expenditure currently being incurred on a spot purchase basis.

b. External consultation:

External consultation not required.

Other options considered:

Because of the spend currently being incurred, a tender is necessary in order to comply with both EU procurement regulations and the council's own rules. Not running a compliant tender for these services risks a significant fine.

Risk management / assessment:

FIGURE 1							
The risks associated with the implementation of the (subject) decision :							
No.	RISK Threat to achievement of the key objectives of the report	INHERENT RISK (Before controls)		RISK CONTROL MEASURES Mitigation (i.e. controls) and Evaluation (i.e. effectiveness of mitigation).	CURRENT RISK (After controls)		RISK OWNER
		Impact	Probability		Impact	Probability	
1	Lack of interest from providers in procurement.	High	Medium	Engagement and communication with current suppliers. Joint procurement with South Gloucestershire joins the two biggest local purchasers together.	High	Low	Tom Rhodes
2	There is a change in demand for these services.	Medium	High	The procurement will be sufficiently flexible so that more or less can be purchased according to need. There will be no minimum guaranteed purchase.	Low	High	Tom Rhodes
3	The current largest provider could exit the market	High	Low	Ensure that the current providers are consulted with early on and throughout the project and ensure that the possible benefits to them are clear. This risk is low likelihood but would have a big impact.	High	Low	Tom Rhodes

FIGURE 2							
The risks associated with <u>not</u> implementing the (subject) decision:							
No.	RISK Threat to achievement of the key objectives of the report	INHERENT RISK (Before controls)		RISK CONTROL MEASURES Mitigation (i.e. controls) and Evaluation (i.e. effectiveness of mitigation).	CURRENT RISK (After controls)		RISK OWNER
		Impact	Probability		Impact	Probability	
1	Risk of a fine for being in breach of EU procurement rules.	Medium	Medium	Work with current providers to formalise arrangements – but with this	Medium	Medium	Tom Rhodes

				level of spend a tender is required.			
2	Current providers could change their price or availability of their accommodation.	Medium	High	Work with current providers to agree a standard price and that they will continue to provide this kind of accommodation.	Medium	Medium	Tom Rhodes

Public sector equality duties:

This contract has high relevance for the public sector equality duty. There are significant gender issues to ensure risk assessments are conducted effectively and that providers can provide adequate provision for vulnerable women, some of whom will be accompanied by vulnerable children in emergency accommodation. There are also significant implications for disability equality as risk assessments and subsequent provision needs to provide accessible environments and supportive and safe environments for vulnerable disabled people, some of whom may have exacerbated needs due to the stress and trauma of homelessness. There are also issues around age, that the differential needs of older people and of young people, particularly those with multiple needs such as care leavers or unaccompanied asylum seekers, must be accommodated within risk assessments and provision. Therefore a full equality impact assessment will be needed as the procurement process progresses.

Advice given by Anne James, Equalities and Community Cohesion Team Leader
Date 20th May 2015

Eco impact assessment

The significant impacts of this proposal are...

This proposal aims to improve procurement arrangements for an existing service, therefore no new significant positive or negative environmental impacts are being created. There exists potential to reduce existing significant impacts arising from the provision of emergency accommodation (for example, heat and power) through the procurement process.

The proposals include the following measures to mitigate the impacts ...

The procurement process will consider the environmental impacts of providing emergency accommodation. Considerations should include:

- Heat and power for the accommodation: quality of insulation, heating efficiency and lighting efficiency.
- Travel impacts, such as location and access to public transport
- Provision of waste/ recycling facilities.

The net effects of the proposals are...

Currently, no environmental considerations are made through existing purchasing arrangements, so the net effect of this proposal is likely to be positive.

Advice given by Steve Ransom – Environmental Programme Manager
Date 29th May 2015

Resource and legal implications:

Finance

a. Financial (revenue) implications:

It is difficult to quantify the financial benefits and / or implications of the proposals contained within this report at this stage. Nationally and locally, the Council is currently facing unprecedented growing demand for its services resulting in escalating costs and this trend is expected to continue into the next 3 to 5 years if the Council stands still and does nothing different. Therefore, given the escalating demand and costs arising from this service provision, the approval of a procurement framework contract for emergency accommodation for homeless households will provide one of the alternative models of reducing the current and future costs across the Council.

Advice given by Christie Fasunloye – Finance Business Partner (People)
Date 29th May 2015

b. Financial (capital) implications:

There are no specific financial implications contained within this report.

Advice given by Christie Fasunloye – Finance Business Partner (People)
Date 29th May 2015

c. Legal implications:

The Public Contracts Regulations 2015 came into force on 26 February 2015. Under the previous regulations, the approach to date was permissible; however, the new regulations have introduced the 'light touch regime' whereby many former Part B services, such as this, are now subject to a £625,000 threshold, above which they must be advertised in the OJEU. There is significant scope for tailoring the procurement process and we are currently exploring the possibility of creating a purchasing mechanism that will be a hybrid between a framework and a dynamic purchasing system.

The value of the procurement will also necessitate consideration of the Public Services (Social Value) Act 2012 and this will be explored with the client department in the preparation process pre-tender.

Advice given by Eric Andrews, solicitor
Date 15/5/15

d. Land / property implications:

None

e. Human resources implications:

There are currently no internal Bristol City Council Employees providing these services as they are all provided by external private sector organisations. This means there will be no impact on BCC employees as a result of this tender.

Advice given by Lorna Laing, HR People Business Partner
Date 19/5/15